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The Hon. Peter Walsh MP
Minister for Agriculture and Food Security
Level 20, Spring Street
Melbourne 3000

Dear Minister

Victorian Coalition Policy re Food and Fibre Marketing Co-operatives

The CFV is this State's peak body representing co-operatives and we would like to congratulate the Coalition Government, and the Victorian National Party in particular on this policy, for recognising the important role that co-operatives can fulfill in allowing food and fibre producers to work together as they strive to strengthen their marketing power.

We are certain that you are well aware of the long-term success of such agricultural co-operatives in this State as Murray Goulburn Co-operative Co Ltd. and the role they have in providing jobs and economic stimulus in rural communities. The continued existence of co-operatives like Murray Goulburn as well as the establishment of new co-operatives, where appropriate, will be absolutely vital in ensuring that the State's farmers continue to be able to compete effectively in the market-place. A market-place which you have indicated in this policy initiative, as being one that makes it very difficult, if not impossible, for individual farmers to compete fairly within.

The Federation notes that the policy is quite prescriptive, in that it is directed specifically at supporting the establishment of marketing co-operatives by providing producers with grants of up to \$50,000 "to pay for the legal costs associated with establishing a co-operative."

Whilst this policy initiative is welcome, we respectfully suggest that there is a great deal of preliminary work to be done by those contemplating the formation of a co-operative, well before the actual formation takes place, and as a result the criteria for grants should be broadened.

We would welcome the opportunity to put some suggestions to you, suggestions that we believe would enhance the policy as it currently stands. One particular concern that we would like to share with you upfront, is our awareness that the co-operative model, for a whole variety of reasons, is these days regarded by many 'advisers' to the farming sector as being for example, 'out-dated', 'no longer appropriate', or 'not the best way to proceed'. This sort of advice, completely ignores the continued success that agricultural and other co-operatives such as Murray Goulburn, enjoy both in Australia and Internationally. It is

true that we have lost a number of formerly big agricultural co-operatives in Victoria over the last one or two decades. The reasons behind their disappearance are many and varied, but in no way should be taken as evidence that the co-operative model no longer has anything to offer Victorian farmers. We raise this issue with you now, because clearly, you are not going to have much of a response to this policy initiative if farmers are being continually encouraged to forget the co-operative model and look elsewhere. We are the first to recognise that the co-operative option may not always be the best, this will depend on individual circumstances, but it, just like the farmers that we are trying to support, should be allowed to fairly compete.

As **2012** will be the International Year of Co-operatives (IYC 2012), the policy is particularly important and relevant. . Through IYC 2012, the International Co-operative Alliance will celebrate a different way of doing business, one that focuses on human need not human greed, where the members (who own and govern the business) collectively enjoy the benefits instead of all profits going just to shareholders.

So, we repeat our offer to discuss, or provide you with our suggestions as to ways in which we may be able to help you enhance this most welcome policy initiative, and look forward to receiving your response.

Yours in co-operation

David Griffiths
Secretary